

ACCURATE GROUP OF COMPANIES (the "COMPANIES")
COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROCEEDINGS
FREQUENTLY ASKED QUESTIONS

A. GENERAL

1. What is the CCAA?

The *Companies' Creditors Arrangement Act* (the "CCAA") is a federal law in Canada that provides insolvent companies with debts in excess of \$5 million an orderly and supervised means to restructure their businesses. Once a company has been granted CCAA protection, the Court enters an Initial Order establishing what is known as a "Stay of Proceedings", which prevents creditors from taking action against the company, its directors and officers, and its assets for an initial period of 10-days, during which time an additional "Comeback Hearing" will be held to further extend the Stay of Proceedings as the Court deems appropriate, allowing the company to continue to manage the day-to-day operations of the business while it addresses its restructuring objectives in an orderly and efficient manner. CCAA protection provides companies with time necessary to emerge as a successful, going concern business.

2. Are the Companies bankrupt or in receivership?

No. Under Canadian insolvency and restructuring laws, "bankruptcy" and "receivership" are specific types of proceedings under which insolvent companies' operations are often terminated and its assets are sold or "liquidated" by a Licensed Insolvency Trustee. The CCAA proceedings, amongst other things, prevents creditors from forcing the Companies into bankruptcy or receivership. For this reason, CCAA proceedings are sometimes referred to as "creditor protection".

3. Why did the Companies file for CCAA protection?

The Companies faced ongoing liquidity pressures that prevented them from continuing their restructuring efforts outside of a CCAA proceeding. Generally, CCAA protection provides companies with the time and "breathing room" necessary to restructure and emerge in a much better position than pre-filing.

4. Why did the Companies decide to file a CCAA proceeding rather than filing a proposal or notice of intention to file a proposal ("NOI") under the *Bankruptcy and Insolvency Act* (the "BIA")?

The CCAA is a flexible statute that is designed to address the complex restructuring needs of large corporations, being limited to only those insolvent companies with debts in excess of \$5 million. The CCAA provides the Court with significant discretion to issue relief based on the specific facts of a particular case. The Companies believe that the greater flexibility under the CCAA will ensure a more efficient and orderly restructuring process that will allow it to continue as a going concern and will improve the overall outcome for all stakeholders.

5. What is the Companies' plan?

Though the specific terms of the Companies' plan have not yet been determined, the Companies' restructuring strategy may include some or all of the following:

- streamlining overheads and ongoing operating costs;
- increasing financial strength through additional working and/or operating capital;
- marketing/selling one or more of the Companies; and/or
- winding down and/or amalgamating one or more of the Companies.

Management is committed to restructuring operations and reducing the current debt burden, such that the Companies will be in a position to better serve its customers and stakeholders moving forward.

6. What is the Monitor?

The Monitor is appointed by, and serves as an officer of, the Court. The Monitor's responsibilities are prescribed by the CCAA and by Court order, and include monitoring the Company's restructuring initiatives, assisting the Company with the preparation of cash flow statements and other financial reporting, liaising with stakeholders, and reporting to the Court from time to time on the progress of the CCAA proceedings. In the Companies' case, Deloitte Restructuring Inc. has been appointed as the Monitor.

7. What happens in a CCAA filing?

The Companies are given time to develop and implement a strategy to restructure their business and financial affairs. Generally a business can be restructured by a sale of assets and/or through a "Plan of Arrangement" under which the financial and operational affairs of the Companies are restructured through compromises with creditors (i.e. creditors settle for something less than the amount they believe they are owed, but more than they would receive in the event the Companies were to go bankrupt or be placed into receivership).

The Court will put a "stay of proceedings" in place to prevent creditors from taking actions that could destabilize the Companies or force them into bankruptcy or receivership. Subject to the oversight of the Court, the Companies remain in control of their business and operations and can take steps to complete their financial and operational restructuring and improve long-term viability.

If a Plan of Arrangement has been developed, creditors are given the ability to vote on the plan. If the Plan of Arrangement is approved by the creditors and the Court, the Companies implement the plan and "emerge" from CCAA, as continuing businesses, completing the restructuring process.

8. How long will the CCAA proceeding take to complete?

At this time, it is not possible to say how long the proceedings will take to complete.

The Court has granted an initial stay of proceedings of 10-days, which is the maximum allowed by law on an initial application under the CCAA. The Companies have a subsequent hearing scheduled for February 14, 2023 (the "Comeback Date"), at which time an extension of the stay of proceedings will be requested. The Companies are entitled to request extensions of time and these extensions are routinely granted as long as the Companies continue to work in good faith to complete their restructuring strategy.

9. Who is now in charge of the Companies?

The Companies' Board of Directors and management team ("Management") remain in control of the day-to-day operations of the business, subject to the specific requirements of the Initial Order made in the CCAA proceedings. The Companies are under the supervision of the Court-appointed Monitor.

10. Do the Companies have sufficient financing to continue operations?

Yes. The Companies have arranged for "debtor in possession" ("DIP") financing to ensure sufficient cash to fund the Companies' operations during the restructuring process. The Companies are anticipating approval of the DIP on the Comeback Date.

11. Is there public disclosure required as part of the CCAA filing?

Yes. Among other public documents filed with the Court, the Company submits an Affidavit that includes, but is not limited to, the following information: a brief history of the Company and an overview of its business; a description of the nature of its assets and liabilities; the reasons for its financial difficulties; and support for the relief being sought from the Court. Once the CCAA Initial Order is issued, the Monitor is required to notify known creditors and publish a public notice of the CCAA proceedings. The Monitor is also required to establish a website where materials relating to the CCAA proceedings will be posted which is as follows: www.insolvencies.deloitte.ca/en-ca/AccurateGroup.

12. What do I do if I have other questions?

For questions regarding ordinary course business, continue to speak to your regular contact person at the Companies. For questions relating to the CCAA proceedings, the Monitor can be contacted at (204)-942-0051.

B. VENDORS

1. Will vendor/supplier contracts and agreements be honoured?

The stay of proceedings, established by the Initial Court Order, prohibits any contractual parties from ceasing to perform their contracts on account of the CCAA filing and pay any outstanding amounts due as of the filing. However, the Companies will pay for post-filing goods and services in the normal course. The parties to any contract that the Companies seek to terminate (or “disclaim”), will receive formal notice from the Companies. Any remaining outstanding obligations under disclaimed contracts will be addressed through a Court approved claims process if one is conducted.

2. I am a vendor with outstanding invoices that haven’t been paid yet. Who do I speak to about getting those paid?

Unfortunately the CCAA process prohibits the payment for any goods or services provided before the filing date. Claims on account of such outstanding invoices will be identified and quantified through a Court approved claims process if one is conducted.

3. How can I receive information related to the claims process?

Should a claims process be formalized and approved by the Court, all creditors of record will receive notice from the Monitor regarding next steps. The claims process Order, if one is sought and obtained from the Court, will also be posted on the Monitor’s website at www.insolvencies.deloitte.ca/en-ca/AccurateGroup. In the interim, it’s important that any invoices yet to be submitted to the Companies are submitted.

4. Should I continue shipping products or providing services? Will I be paid for goods and services provided moving forward?

The Companies will be closely monitoring all goods and services that it procures during the restructuring proceedings. The Companies will be proactively reaching out to certain vendors whose contracts the Companies intend to terminate or disclaim. For all remaining vendors, the Companies will continue to pay for goods or services provided by such vendors post-filing in the ordinary course.

5. What will happen to equipment that my company is currently leasing to the Companies?

To the extent that the Companies wish to continue utilizing any leased equipment during the restructuring process, it will continue to make regularly scheduled payments under any

applicable lease agreements. As equipment is deemed unnecessary, the Companies will contact the respective lessor(s) to arrange for a pick-up/return of same.

6. As a vendor, I understand that I can recover goods delivered within the 30-days leading up to the start of the CCAA proceedings. Can I come and take back my product that hasn't been paid for?

No. Absent a Court order, those rights exist in a bankruptcy proceeding under the BIA and not under the CCAA proceedings. Under a CCAA stay of proceedings, vendors and other creditors are prohibited from repossessing goods previously delivered to the Companies.

C. EMPLOYEES

1. How will I be paid my wages/salary going forward? If I am owed wages up to the filing date, will I be paid?

Wages and salaries will continue to be paid to employees who continue to work in the normal course, in accordance with normal payroll practices. Expenses submitted in accordance with the Companies' policy will be reimbursed.

2. How will my vacation entitlements be affected?

Vacation entitlements are not affected by the CCAA proceedings. Staff must continue to comply with normal policies and procedures with regard to approval of any time off.

3. Will my benefits package continue?

Benefit arrangements for employees remain unchanged during the process.

4. Are there going to be terminations or lay-offs?

Possibly. Unfortunately terminations and/or lay-offs may be necessary. As part of the restructuring process and in order to ensure the longer term viability of the Companies, it is essential that an operational restructuring take place and this may include staff reductions. Management will be communicating directly with individuals if any such staff reductions are necessary.

5. How does the CCAA filing affect the Collective Bargaining Agreement?

The Collective Bargaining Agreement cannot be unilaterally amended or terminated by the Companies. The Companies are committed to working with the respective unions to negotiate agreements during the proceedings.

6. What do I do if I have a grievance during the CCAA proceedings?

The union continues to represent its members, although certain procedures may change as a result of the CCAA. If you have any questions or concerns do not hesitate to speak to your union representative.

7. Will the union be involved in the restructuring?

The union and employees are key constituents in the CCAA proceedings. The Companies will comply with the terms of the applicable Collective Bargaining Agreements and applicable labor laws when it comes to consulting with the unions.

8. How will I be kept informed of developments during the proceedings?

Management will provide periodic updates on the progress of the restructuring and any key developments. In addition, Court materials, including Monitor's reports, will be available on the Monitor's website at www.insolvencies.deloitte.ca/en-ca/AccurateGroup.

9. What does the CCAA filing mean for the Companies' group retirement savings plan?

The Companies' group retirement savings plan remains intact. The Initial Order allows the Companies to continue to make normal contributions to the registered pension plans in respect of ongoing service for active employees and the Companies intend to make such contributions. Similarly, all employee contributions deducted from salary have been remitted and the Companies will continue to do so.